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SENSITIVE
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DEPT PASS AID/W FOR TYLER HOLT, MARK KARNS, AND DIANE RAY
COMMERCE FOR DEES, CHOPPIN, AND FONOVICH

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [ETRD](#) [PGOV](#) [EINV](#) [EIND](#) [AF](#)

SUBJECT: AN UNDEFINED MISSION AT THE MINISTRY OF ECONOMY

¶1. (SBU) Summary: In a January 24 meeting, newly-appointed Minister of Economy Abdul Hadi Arghandewal discussed his plans for the Ministry with Ambassador Eikenberry and Coordinating Director for Development and Economic Affairs Ambassador Wayne. Minister Arghandewal indicated that he would develop an economic plan for the future, install an updated database, and compile statistical information for individuals and entities interested in investing in Afghanistan. He appears well intentioned, but evinced a limited grasp of the Ministry's responsibilities and struggled to articulate a vision for his institution. End Summary.

¶2. (U) Ambassadors Eikenberry and Wayne visited newly-confirmed Minister of Economy Abdul Hadi Arghandewal on January 24 to congratulate him and to seek his vision for the ministry's future. Arghandewal highlighted the need for improved design and monitoring of development projects, adding that his Ministry should "clear" development projects. The Ministry should increase its capacity to analyze projects and collect baseline data and statistics and also have a "department for making projects." Another priority was to better evaluate development projects implemented by donors. The Ministry of Economy, he continued, has one advisor who is working on the Afghan National Development Strategy. To achieve his goals, he sought donor assistance to develop modern databases.

¶3. (U) The Minister attempted to articulate the role of the Ministry, which was downgraded in July 2009 when it lost authority over development budget allotments to the Ministry of Finance. (Note: This resulted after Finance Minister Zakhilwal protested to President Karzai that Economy was ineffective in this area. End Note.) Arghandewal noted, however, that the Ministry of Economy retains responsibility for monitoring and evaluating development projects, although Ministry of Finance responsibility for auditing development projects dilutes even this limited role to the physical monitoring of projects. The Minister noted that he has 950 employees, 250 of whom are based in the provinces. He did not expand on how the 700 employees in Kabul are being utilized, but stressed that he would focus the Ministry's efforts on reducing poverty in the country.

¶4. (U) Aside from project oversight, Arghandewal said the Ministry Economy's other major function is registering and supervising charities and NGOs. He lamented the fact that over 1,400 NGOs and charities are registered in Afghanistan and receive support from donors but that the Ministry has little idea of what they are doing or accomplishing.

¶5. (U) Ambassador Eikenberry asked Arghandewal about the possibility of reintegrating Taliban and other insurgents into Afghan society, a policy the minister has been supporting. Responding that while he was moderately optimistic, he was less sanguine about Gulbuddin Hekmatyar (whom he once served as finance chief). Arghandewal expressed hope that Saudi Arabia would play an important role in the reintegration process, given Afghan trust in its leadership.

¶6. (SBU) COMMENT: Minister Arghandewal appears well intentioned,

but he evinced a limited grasp of the Ministry's responsibilities and struggled to articulate a vision for his institution. We have serious concerns about the Ministry of Economy's ability to oversee an effective NGO and charity regime, as an ineffective oversight regime presents a money laundering and terrorist financing vulnerability. The Embassy will therefore continue to engage with the Minister and encourage him to take a more active role in helping to prioritize ANDS objectives and to implement effective NGO and donor oversight mechanisms. End Comment.

EIKENBERRY